

Message Text

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C O N F I D E N T I A L SECTION 1 OF 4 LAGOS 3589

NOFORN

USCINCEUR FOR POLAD

E.O. 11652: GDS
TAGS:IAMGT, PFOR, NI
SUBJECT: PARM - ANNUAL POLICY AND RESOURCE ASSESSMENT - PART I

REF: (A) CERP 0001; (B) STATE 38356; (C) STATE 38338; (D) STATE
50086; (E) STATE 47671

1. THIS MESSAGE CONTAINS PART I OF THIS YEAR'S PARM.ICOUNTRY TEAM
AND PO'S IBADAN ACD KADUNA CONCUR. PART II AND III WILL FOLLOW
NEXT WEEK.

2. PARM

PART I - POLICY ASSESSMENT (NIGERIA)

A. U.S. INTERESTS

1. PRINCIPAL U.S. INTERESTS IN NIGERIA ARE ACCESS TO PETROLEUM
RESOURCES AND MARKETS, PROTECTION AND EXPANSION OF SOME
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\$800 MILLION OF AMERICAN INVESTMENT, CONTRIBUTION TO
EQUITABLE NIGERIAN ECONOMIC DEVELOPMENT ON A COUNTRY-
FINANCED BASIS, THE SAFETY AND WELFARE OF SOME 4,000
AMERICAN RESIDENTS, AND NIGERIAN SUPPORT AND UNDERSTANDING
OF OUR INTERNATIONAL POLITICAL ECONOMIC POLICIES.

2. NIGERIA'S SIZE, POPULATION, WEALTH, RESOURCES AND

GROWING INFLUENCE ON THE INTERNATIONAL SCENE PLACE IT HIGH AMONG THOSE LDC'S WE SHOULD ACCORD SPECIAL EMPHASIS IN THE COMING YEARS.

AS OUR NUMBER TWO SUPPLIER OF CRUDE OIL (ALMOST 20 PERCENT OF OUR TOTAL IMPORTS), NIGERIA HAS THE POTENTIAL TO AFFECT OUR ECONOMIC RECOVERY AS WELL AS OUR EFFORTS TO PROMOTE AN ECONOMIC REVIVAL IN WESTERN EUROPE. CONVERSELY, OUR PURCHASE OF OVER 50 PERCENT OF NIGERIA'S OIL OUTPUT MAKES THE U.S. MARKET OF SPECIAL SIGNIFICANCE FOR NIGERIA. WITH OUR TRADE DEFICIT WITH NIGERIA RUNNING AT \$2 BILLION A YEAR, EXPANSION OF OUR INVESTMENT AND TRADE HERE WILL HAVE A SIGNIFICANT IMPACT ON OUR GLOBAL POSITION.

3. EQUALLY IMPORTANT WILL BE NIGERIA'S STANCE ON CRITICAL ECONOMIC AND POLITICAL ISSUES IN THE MULTILATERAL ARENA. THE MOST POWERFUL BLACK AFRICAN NATION, NIGERIA ACTIVELY SEEKS A LEADING ROLE IN AFRICA, IN THE NON-ALIGNED MOVEMENT AND IN INTERNATIONAL ORGANIZATIONS GENERALLY. NIGERIA'S ATTITUDES AND POLICIES IN OPEC, CIEC, THE UN, AND ELSEWHERE WILL IMPACT DIRECTLY ON A HOST OF NORTH/SOUTHER ECONOMIC AND POLITICAL ISSUES SUCH AS AN LOS TREATY, INTERNATIONAL HUMAN RIGHTS AND DISARMAMENT.

4. AT THE REGIONAL LEVEL, OUR RELATIONSHIP WITH INDIVIDUAL AFRICAN STATES AND THE OAU WILL BE SIGNIFICANTLY AFFECTED BY THE FMG'S VIEWS OF OUR MOTIVES AND PLICIES
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TOWARD THE CONTINENT, PARTICULARLY THE SOUTHERN AFRICAN COMPLEX. NIGERIA'S POSITIION WILL IMPACT HEAVILY ON OUR EFFORTS TO BRING ABOUT NEGOTIATED SETTLEMENTS FOR PEACEFUL TRANSITION TO MAJORITY RULE IN ZIMBABWE AND NAMIBIA AND THE ELIMINATION OF SOUTH AFRICA'S APARTHEID POLICIES OR TO COPE WITH OTHER PROBLEMS SUCH AS THE INVASION OF ZAIRE.

B. OVERVIEW

1. THE FAVORABLE FMG REACTION TO THE NW U.S. ADMINISTRATION OFFERS US A RARE OPPORTUNITY TO OVERCOME 18 MONTHS OF SUSPICION AND STRAINED POLITICAL RELATIONS. ATTITUDES TOWARD THE U.S. WERE SOURED BY DISAGREEMENT OVER ANGOLAN POLICY AND THE WAVE OF XENOPHOBIA THAT FOLLOWED HEAD OF STATE MUHAMMED'S ASSASSINATION. U.S. INITIATIVES REGARDING SOUTHERN AFRICA WERE REGARDED WITH CONSIDERABLE SKEPTICISM; OUR STANCE IN THE UN AND CIEC REGARDING THIRD WORLD DEMANDS WAS CONSIDERED

INADEQUATE. IT WAS A QUESTION OF STYLE AND TRUST AS WELL AS POLICY CONTENT. THE NEW NIGERIAN WILLINGNESS TO HEAR US OUT AND GIVE US THE BENEFIT OF THE DOUBT NOW MAKES POSSIBLE THE DEVELOPMENT OF A CLOSER RELATIONSHIP OF CONSULTATION AND EVEN COORDINATION OF POLICIES THAT WAS OUT OF THE QUESTION BEFORE.

2. NIGERIA'S LEADERSHIP HAS BECOME MORE REALISTIC, MORE CAUTIOUS, LESS CONFIDENT OF ITS ABILITY TO FORCE RAPID SOLUTIONS TO FOREIGN POLICY PROBLEMS. IT IS DISAPPOINTED OVER CONTINUING MPLA DEPENDENCE ON CUBAN MILITARY AND ADMINISTRATIVE SUPPORT AND IS WORRIED OVER THE CONTINUED PRESENCE OF FOREIGN TROOP S IN AFRICA AND THE THREAT OF THEIR INTERFERENCE IN SITUATIONS ELSEWHERE IN THE CONTINENT. THE FMG IS SEEKING TO AVOID FOREIGN INTERVENTION IN AND ESCALATION OF PROBLEMS SUCH AS RHODESIA AND NAMIBIA AND IS URGING THE LIBERATION GROUPS
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TO UNITE TO AVOID THAT. THE FMG WOULD PREFER TO SEE BIG POWER RIVALRY KEPT OUT OF AFRICA AND AFRICANS LEFT ALONE TO RESOLVE THEIR OWN PROBLEMS.

3. THIS DOES NOT MEAN THAT THE FMG IS ANY LESS COMMITTED TO EARLY MAJORITY RULE IN SOUTHERN AFRICA IT WILL SUPPORT NEGOTIATIONS ONLY SO LONG AS IT PERCEIVES SOME FORWARD MOVEMENT AND THE POSSIBILITY OF SUCCESS. THE FMG WILL NOT HESTIATE TO INCREASE PRESSURES ON US AND THE WHITE MINORITYSREGIMES, INCLUDING ESCALATION OF VIOLENCE, IIF MOMENTUM CANNOT BE MAINTAINED AT THE NEGOTIATING TABLE. AND AT CIEC WE SHOULD NOT REXPECT ANY RELAXATION OF NIGERIA'S PRESSURE TO CREATE A NEW INTERNATIONAL ECONOMIC ORDER THAT BENEFITS THE THIRD WORLD.

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4. THE PROSPECT FOR OUR RELATIONS WITH NIGERIA IS FURTHER COMPLICATED FOR THE FORESEEABLE FUTURE BY THE UNSTABLE INTERNAL POLITICAL SITUATION HERE. THE OBASANJO REGIME CONTINUES TO BE JITTERY AND CONCERNED OVER ITS OWN SURVIVAL. SOME ELEMENTS WILL UNDOUBTEDLY REVIVE CHARGES OF CIA DESTABILIZATION FROM TIME TO TIME; OVERZEALOUS SECURITY POLICE WILL CONTINUE TO DETAIN AMERICANS FOR IMAGINED ACTS OF SPYING AND WE WILL HAVE FURTHER PROBLEMS OF CONSULAR ACCESS. A SUSPICIOUS AND SOMETIME ANTI-WESTERN PRESS CAN BE EXPECTED TO PLAY UP WHATEVER DIFFERENCES EXIST BETWEEN NIGERIA AND THE U.S.

5. DISAGREEMENTS AMONG MEMBERS OF THE RULING SUPREME MILITARY COUNCIL (SMC) WILL PROBABLY INTENSIFY. THERE COULD BE A CHANGE IN LEADERSHIP BEFORE FY 79; SOME COMMISSIONERS HAVE RECENTLY BEEN REMOVED, AND MORE MAY FOLLOW. THE LATENT INSTABILITY IS INCREASED BY THE FACT THAT THE REGIME IS GRAPPLING WITH SOME INTRACTABLE PROBLEMS: FAILURE TO CONTROL THE 30-40
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PERCENT INFLATION RATE AND GROWING GAP BETWEEN RICH AND POOR COULD LEAD TO DANGEROUS LEVELS OF PUBLIC DISGRUNTLEMENT; UNFULFILLED POPULAR EXPECTATIONS REGARDING OPERATION FEED THE NATION (OFN) AND UNIVERSAL PRIMARY EDUCATION (UPE) COULD INCREASE THE PROBLEMS FACING A GOVERNMENT HARD PRESSED TO KEEP UP WITH THE PROVISION OF SERVICES TO A POPULATION GROWING AT ABOUT 3 PERCENT A YEAR. THE FMG IS SEEKING FOREIGN CAPITAL TO HELP FINANCE AN AMBITIOUS DEVELOPMENT PLAN THAT WILL BE ENTERING ITS FINAL PHASES IN FY 79.

6. UNDERLYING THESE PROBLEMS ARE CONTINUING TRIBAL AND REGIONAL RIVALRIES WHICH WORK AGAINST THE REGIME'S EFFORTS TO FORGE A SENSE OF NATIONAL UNITY. THESE

TENSIONS ARE LIKELY TO INCREASE AS THE PROMISED DATE FOR RETURN TO CIVILIAN RULE, OCTOBER 1, 1979, APPROACHES. THE PERIOD OF THIS (FY 78-79) COINCIDES WITH THE ADOPTION OF A CONSTITUTION, CREATION OF POLITICAL PARTIES, REVIVAL OF CIVILIAN POLITICAL ACTIVITY, AND THE HOLDING OF THE FIRST NATIONAL ELECTIONS IN THE COUNTRY SINCE 1965. NIGERIAN POLITICIANS HAVE IN THE PAST BEEN NOTORIOUSLY DIVISIVE AND IRRESPONSIBLY DEMAGOGIC. WILL THE NEW (AND OLD) POLITICIANS KEEP THE LESSONS OF 1966-67 AND 1974 IN MIND? IF THEY SEEK AGAIN TO AROUSE ETHNIC AND REGIONAL REVALRIES, THE FMG WILL BE SO STRONGLY TEMPTED TO INTERVENE TO KEEP THE SITUATION UNDER CONTROL. THIS COULD RUN THE RISK OF VIOLENCE AND INCREASED MILITARY-CIVILIAN FRICTION. WHILE I BELIEVE THE PRESENT MILITARY LEADERSHIP HONESTLY INTENDS TO RETURN NIGERIA TO CIVILIAN RULE IN 1979 (ALTHOUGH IT MIGHT REIMPOSE ITS CONTROL IF CHAOS RESULTS), THERE ARE ELEMENTS IN THE MILITARY THAT MIGHT SEIZE ON FREEWHEELING CAMPAIGN ORATORY TO SAY THE COUNTRY IS NOT YET READY FOR CIVILIAN RULE. ADDITIONALLY, THERE MAY BE MIDDLE-LEVEL MILITARY OFFICERS WHO HAVE NOT YET ENJOYED THE FULL

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PERQUISITES OF POWER WHO MAY NOT BE AS COMMITTED TO RETURN TO CIVILIAN RULE AS THEIR SUPERVISORS. SERIOUS DIFFICULTIES COULD ARISE WITHIN THE SMC OVER THESE ISSUES AND FURTHER, MORE FUNDAMENTAL LEADERSHIP CHANGES CANNOT BE RULED OUT. IN SUCH AN ENVIRONMENT, PROTECTION AND ADVANCEMENT OF AMERICAN INTERESTS COULD BE A TRICKY AND DIFFICULT THING.

C. OBJECTIVES, COURSES OF ACTION AND ISSUES

1. OBJECTIVES

(A) ACCESS TO THE KEY DECISIONMAKERS IS OF PRIMARY IMPORTANCE TO OUR BILATERAL AND MULTILATERAL INTERESTS. WE MUST COMMUNICATE AND BE UNDERSTOOD IF WE ARE TO MAINTAIN AND ENCOURAGE A SENSE OF MUTUAL TRUST. THIS IS ESSENTIAL IF WE ARE TO WIN SUPPORT FOR U.S. POSITIONS ON BILATERAL AND MULTILATERAL ISSUES AFFECTING AFRICA AND THE WORLD.

(B) ALSO A TOP PRIORITY OBJECTIVE IS DEVELOPMENT OF FMG POLICIES ON PETROLEUM, TRADE, COMMODITIES AND INVESTMENT WHICH ARE LIBERAL, NON-DISCRIMINATORY AND IN ACCORD WITH INTERNATIONALLY ACCEPTED PRINCIPLES OF CONDUCT. TO MAKE CERTAIN OF OUR ACCESS TO OIL, U.S. COMPANIES MUST BE ASSURED OF CONTINUED ABILITY TO OPERATE, WHETHER BY EQUITY

OWNERSHIP OR MANAGEMENT CONTRACT, ON TERMS WHICH
PERMIT REASONABLE PROFITS AND SECURITY.

(C) WE SEEK A GREATER SHARE IN NIGERIA'S GROWING
MARKET IN THE INTEREST OF REDUCING OUR LARGE BALANCE
OF TRADE DEFICIT.

(D) STRENGTHEN POSITIVE NIGERIAN ATTITUDES TOWARD
THE U.S. BY INCREASING AMERICAN INFLUENCE IN HIGHER
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EDUCATION, INFORMATION MEDIA AND THE ARTS AS WELL
AS EXPANDING BILATERAL INSTITUTIONAL AND PROFESSIONAL
AFFILIATIONS.

(E) GREATER UTILIZATION OF U.S. TECHNOLOGY AND
EXPERTISE IN NIGERIA'S DEVELOPMENT EFFORTS, INCLUDING
THE AREA OF POPULATION PLANNING, SHOULD CONTRIBUTE
TO NIGERIA'S EQUITABLE DEVELOPMENT AND STRENGTHEN
ITS TIES AND SENSE OF TRUST AND KINSHIP WITH THE U.S.
IN TURN REINFORCING OUR ACCESS TO AND INFLUENCE
WITH NIGERIA'S LEADERS.

2. COURSES OF ACTION.

(A) CONTINUE TO DEMONSTRATE THROUGH COMMUNICATIONS
AND CONSULTATION THAT WE TAKE NIGERIA SERIOUSLY
AND ATTACH SPECIAL IMPORTANCE TO ITS VIEWS AND
COOPERATION. IN THIS REGARD WE MIGHT:

(1) CONTINUE HIGH-LEVEL EXCHANGE OF COMMUNICATIONS
AND VISITS FOR THE PURPOSE OF CONSULTING

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FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 211

INFO USCINCEUR VAIHINGEN //ECPLAD//

C O N F I D E N T I A L SECTION 3 OF 4 ILAGOS 3589

NOFORN

USCINCEUR FOR POLAD

WITH THE FMG, SHARING OUR INFORMATION ON
INTERNATIONAL PROBLEMS AND SITUATIONS,
EXPLAINING OUR VIEWS AND PLAN OF ACTION AND
SEEKING NIGERIAN COOPERATION AND COORDINATION OF
POSITION.

(2) ESTABLISH A JOINT COMMISSION OR EQUIVALENT
WORKING MECHANISM TO FACILITATE NIGERIAN ACCESS
TO U.S. TECHNOLOGY, TECHNICAL ASSISTANCE AND
TRAINING AND U.S. ACCESS TO NIGERIAN MARKET.

(3) INAUGURATE ANNUAL MEETINGS OF U.S. AND
NIGERIAN OFFICIALS, MEETING ALTERNATELY IN THE
U.S. AND IN NIGERIA, TO DISCUSS THE RANGE OF
BILATERAL ISSUES, INCLUDING CONSULAR PROBLEMS,
STUDENTS' VISAS, CONSULAR ACCESS AS WELL AS AFRICAN
ISSUES, NORTH/SOUTH ISSUES AND GENERAL GLOBAL
ISSUES SUCH AS LAW OF THE SEA.

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(4) CONTINUE TO EXPAND AMERICAN CONTACTS WITH
NIGERIANS NOT ONLY IN NIGERIA BUT ALSO IN
WASHINGTON, THIRD COUNTRIES, THE UN AND OTHER
INTERNATIONAL ORGANIZATIONS IN AN EFFORT TO
IMPROVE FURTHER NIGERIAN ATTITUDES TOWARD
U.S. POLICIES AND AMERICANS GENERALLY.

(B) BE ALERT TO POSSIBILITIES OF COLLABORATION AND
U.S. TECHNOLOGICAL INPUT IN INTERNATIONAL ORGANIZA-
TIONS SUCH AS ECOWAS AND ADB (E.G. CONTRIBUTION
TO ECOWAS DEVELOPMENT FUND).

(C) INTENSIFY OUR EFFORTS TO INCREASE THE U.S.
SHARE OF NIGERIAN MARKET AND DEVELOP TRADE AND
INVESTMENT OPPORTUNITIES THROUGH EMBASSY AND USG
SPONSORED TRADE PROMOTION EVENTS, INCREASED CONTACT
AND TRAVEL, MORE MARKET RESEARCH AND PARTICIPATION

IN THE LAGOS INTERNATIONAL TRADE FAIR (NOVEMBER -
DECEMBER 1&77).

(D) IMPRESS UPON NIGERIAN DECISION MAKERS THE
BENEFICIAL EFFECTS REASONABLE TRADE AND INVESTMENT
POLICIES WOULD HAVE ON NIGERIA'S DRIVE TO FOSTER
RAPID ECONOMIC GROWTH. ENCOURAGE THE ADOPTION
OF NON-RESTRICTIVE IMPORT REGULATIONS, AND SEEK
MORE VIABLE OPERATING TERMS FOR AMERICAN PETROLEUM
COMPANIES IN NIGERIA.

(E) INCREASE THE EXCHANGE OF TECHNOLOGY, AVAILABILITY
OF U.S. EXPERTISE AND MANPOWER TRAINING ON A
COUNTRY FINANCED BASIS WITH APPROPRIATE USE OF
U.S. FINANCED EXPERTS AS AUTHORIZED BY SECTION
661 OF THE FOREIGN ASSISTANCE ACT. THIS WILL
CONTRIBUTE TO NIGERIAN DEVELOPMENT, IMPROVE
OPPORTUNITIES FOR U.U. CONSULTANTS AND EXPORTERS,
AND FURTHER THE INTERCHANGE OF IDEAS, MUTUAL
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CONTACTS AND UNDERSTANDING.

(F) LINK NIGERIAN INSTITUTIONS AND INDIVIDUALS
WITH MULTILATERAL AND PRIVATE DEVELOPMENT PROBLEM SOLVING
ENDEAVORS, INCLUDING POPULATION PLANNING.

(G) WITH THE PHASE-OUT OF BILATERAL AID, STRENGTHEN
THE DEVELOPMENT ORIENTATION AND USE OF DEVELOPMENT
RESOURCES BY ALL EMBASSY UNITS, ESPECIALLY THE
INTEGRATED ECONOMIC/COMMERCIAL/DEVELOPMENT SECTION
AND USIS (E.G. IN TERMS OF HIGHER EDUCATIONAL
EXCHANGE TRAINING) AREAS OF DEVELOPMENT CONCEN-
TRATION WILL BE ON RESOURCES DEVELOPMENT, TECHNOLOGY
EXCHANGE, AGRICULTURE, MANAGEMENT AND ADMINISTRATION.

(H) CONTINUE THE CU EXCHANGE PROGRAM AND ENCOURAGE
PRIVATE AND INSTITUTIONAL INTERCHANGE.

(I) ASSURE THAT OUR INFORMATION PROGRAM EFFECTIVELY
COMMUNICATES U.S. POLICY POSITIONS AND AMERICAN
DEVELOPMENTS TO NIGERIAN OPINION-LEADERS.

(J) CONTINUE OUR MILITARY TRAINING PROGRAM GIVEN
THE POSITIVE EFFECT THAT TRAINING SEVERAL HUNDRED
OFFICERS EACH YEAR IN THE U.S. HAS ON THE ATTITUDES
OF KEY NIGERIAN LEADERS, AS WELL AS ON THEIR
ACCESSIBILITY OF U.S. S. MISSION PERSONNEL IN NIGERIA.

(K) ENCOURAGE THE FMG TO HOST ROUTINE PORT VISITS

BY U.S. NAVAL SHIPS.

(1) MAINTAIN CLOSE RELATIONS WITH U.S. FIRMS

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NOFORN

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IN NIGERIA IN ORDER TO MAXIMIZE THE MUTUAL BENEFIT
OF U.S. PUBLIC AND PRIVATE SECTOR ACTIVITIES.
(M) MAINTAIN OUR CONSULATES IN IBADAN AND KADUNA,
AND OUR USIS OFFICES IN IBADAN, KADUNA AND KANO IN
ORDER TO MAXIMIZE U.S. RESOURCES DEVOTED TO THE
ABOVE COURSES OF ACTION THROUGHOUT NIGERIA.
PERIODICALLY EXPLORE THE POSSIBILITY OF REOPENING
THE USIS INSTALLATION IN ENUGU AND ESTABLISHING A
CONSULATE IN PORT HARCOURST.

ALL AGENCIES REPRESENTED IN NIGERIA (DEFENSE, USIS, AID
AND AGRICULTURE) AND OUR CONSTITUENT
POSTS WILL CONTINUE TO CONTRIBUTE TO OUR INFORMATION
AND EXCHANGE PROGRAM, TO THE MAINTENANCE OF CONTACTS
AT ALL LEVELS, TO THE STIMULATION OF U.S. EXPORTS,
THE EXCHANGE OF TECHNOLOGICAL KNOW-HOW AND MANPOWER
TRAINING. AID WILL HANDLE MOST OF THE WORK IN
POPULATION PLANNING, WITH INPUTS FROM THE EMBASSY AND
USIS AS APPROPRIATE.

3. ISSUES

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(A) WE WILL INEVITABLY HAVE DISAGREEMENTS WITH THE NIGERIANS OVER SOME GLOBAL AND REGIONAL POLICIES. THE FMG WILL WANT US TO BE MORE FORTHCOMING IN SUPPORT FOR AFRICAN LIBERATION MOVEMENTS; THEY WILL CRITICIZE OUR TIES WITH SOUTH AFRICA AND OUR EFFORTS TO PROTECT THE RIGHTS OF THE WHITE MINORITIES UNDER BLACK GOVERNMENTS; THEY WILL PUSH US FOR MORE CONCESSIONS IN THE NORTH/SOUTH DIALOGUE; AND THEY WILL DISAGREE WITH US ON A WIDE RANGE OF NON-ALIGNED ISSUES.

(B) OUR EFFORTS IN SUPPORT OF HUMAN RIGHTS WILL BE WELCOMED BY NIGERIA, BUT OUR MOVES TO LIMIT THE INTERNATIONAL SALE OF CONVENTIONAL ARMS WILL RUN COUNTER TO NIGERIAN PLANS TO RE-EQUIP THEIR MILITARY ESTABLISHMENT BEFORE THE ADVENT OF CIVILIAN RULE. THEY ARE CONCERNED ABOUT "MORE ENTEBBES" AND SOUTH AFRICAN MILITARY MIGHT AND WILL ACTIVELY OPPOSE ANY INITIATIVE WHICH WOULD LIMIT THEIR ABILITY TO PURCHASE ARMS FROM ABROAD.

(C) THE NIGERIANS WILL PROBABLY NEGOTIATE THE PURCHASE OF A NUCLEAR POWER PLANT AND WOULD OPPOSE INITIATIVES TO RESTRICT THE FREEDOM OF LDC'S TO PURCHASE NUCLEAR REACTORS.

(D) IN THE FIELD OF PETROLEUM POLICY, NIGERIA WILL TEND TO SUPPORT THE HIGHEST PRICE POSSIBLE FOR ITS OUTPUT. CONCOMITANTLY, THE GOVERNMENT WILL HOLD THE PROFIT MARGINS OF PRODUCING COMPANIES AT A MINIMUM. UNLESS THE FMG SOON CARRIES THROUGH WITH ITS PROMISE TO PROVIDE ADEQUATE INCENTIVES TO FOREIGN OIL COMPANIES WHICH ENCOURAGE EXPLORATION AND DEVELOPMENT, NIGERIA'S PRODUCTION WILL START TO FALL IN THE NEXT YEAR OR TWO. REDUCED PRODUCTION COULD LEAD TO INCREASED PRESSURES FOR NATIONALIZATION. IT IS POSSIBLE, THOUGH UNLIKELY, THAT OUR ACCESS TO NIGERIAN ENERGY RESOURCES MIGHT BE THREATENED. SIMILARLY, THE GOVERNMENT'S

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INCREASING REQUIREMENT FOR ADDITIONAL FOREIGN EXCHANGE COULD BRING ABOUT PROPOSALS FOR RESTRICTING IMPORTS AND FOREIGN EXCHANGE TRANSFERS, THUS AFFECTING OUR EFFORTS TO INCREASE EXPORTS AND EXPAND OUR INVESTMENT.

(E) WE CAN EXPECT CONTINUED FRICTION WITH THE FMG OVER A RANGE OF CONSULAR PROBLEMS: VISA POLICIES, THEIRS AND OURS, THE DIFFICULTIES OF NIGERIAN

STUDENTS IN THE UNITED STATES; THE DETENTION OF
AMERICANS FOR TAKING PICTURES OR TOERH SUCH ACTIVITY;
LACK OF PROMPT NOTIFICATION AND CONSULAR ACCESS
IN SUCH CASES. BOTH THESE ISSUES RUN THE RISK OF
EXACERBATING TEMPERS AND AFFECTING OUR LARGER
BILATERAL INTERESTS.
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